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Director

DATE: July 21, 2005

BULLETIN: 2005-CU-03

TO: Management of Missouri state-chartered credit unions

SUBJECT: CAMEL Disclosure

This bulletin is to serve the purpose of notifying Missouri state-chartered credit unions that, effective immediately, we will no longer be disclosing a credit union's CAMEL rating at the conclusion of each examination. As you may know, this was our previous practice years ago.

Among the reasons for this change is the observation of our management and staff that often, the message of our examinations has been lost due to the concentration of credit union's operating management and board of directors on the CAMEL rating. We feel that a quality examination should give credit union management a true indication as to how the credit union is performing without the necessity of a rating.

As you know, in recent years, we have begun a shift to a risk-focused examination program. We have found that the seven risk areas that we now base our examination on do not correlate well with the CAMEL rating system. Also, representatives from the NCUA, have publicly discussed the probability of eliminating the CAMEL system completely and shifting to a different, risk-focused rating system, of which we may disclose as well.

We feel we have a strong relationship with Missouri state-chartered credit unions and we hope this change only increases that strength.